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THE BLOG

Contracting Abuses Could be Solved With New Bill

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 Like 1**Lloyd Chapman** 
Small business advocate

On Wednesday, the House Committee on Small Business held a hearing entitled, "Oversight of the Small Business Administration and Its Programs," which focused on longstanding contracting abuses at the U.S. Small Business Administration.

At the hearing, Congresswoman [Nydia M. Velázquez](#) (D - NY) [stated](#), "A main focus of the Committee's oversight work has been the agency's procurement programs. With large businesses receiving small business contracts and fraud regularly being uncovered, it is critical that the Committee examine these programs. We will continue our investigations until the agency fully resolves these issues."

Since 2003, more than a [dozen federal investigations](#) have uncovered the diversion of billions of dollars a year in federal small business contracts to corporate giants. To date no legislation has been passed to curb these abuses.

Most Washington insiders believe the best solution to the problem is [H.R. 2568](#), the Fairness and Transparency in Contracting Act. Representative Hank Johnson (D - GA) introduced the bill during the 11th Congress. The bill currently has 25 co-sponsors. The American Small Business League (ASBL) wrote the original draft of the bill in consultation with noted contracting expert [professor Charles Tiefer](#). The bill is based on current provisions of the Small Business Act, which define a small business as a firm that is "independently owned." H.R. 2568 will prevent the federal government from reporting awards to publicly traded firms as small business awards. Publicly traded firms do not qualify as "independently owned."

The bill has been in consideration in [Congresswoman Velázquez's](#) committee since February of 2009.

As recently as June, the American Small Business League (ASBL) released an analysis of the recipients of federal small business contracts during FY 2009. The ASBL conducted a [review](#) of the top 100 contract recipients and identified 61 large


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firms, which received 64.5 percent of the total dollars the government claimed to have awarded to small businesses.

H.R. 2568 is a deficit neutral and much needed solution to these long standing abuses. The diversion of federal small business contracts to corporate giants has gone on for over a decade. Even though many members of Congress have talked about solving the issue, no legislation has been passed. Now is the time to pass this legislation as a means of boosting the middle class economy. If Congresswoman Velázquez is serious about ending these abuses, I can't see why she wouldn't pass this legislation out of her committee before the end of this Congressional session.

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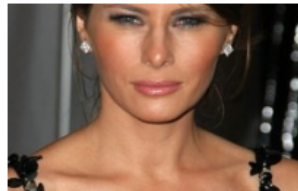
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